

**Monitoring Agency Report**  
**for**  
**ZR2 BIOENERGY LIMITED**  
**(formerly known as Gujchem Distillers India Limited)**  
**for the quarter ended**  
**March 31, 2025**

CRL/MAR/GDS6823/2024-25/1367

May 16, 2025

To

**ZR2 BIOENERGY LIMITED (Formerly known as Gujchem Distillers India Limited)**

307, Third Floor, Ashirwad Paras-1, Kanti Bharwad PMT,

Opposite Andaz Party Plot, Makarba,

Ahmedabad, Gujarat, 380051

Dear Sir,

**Sub: Monitoring Agency Report for the quarter ended March 31, 2025 – in relation to the Preferential Issue of ZR2 BIOENERGY LIMITED (Formerly known as Gujchem Distillers India Limited) (“the Company”)**

Pursuant to Regulation 162A of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“ICDR Regulations”) and Monitoring Agency Agreement dated October 25, 2024, entered with the Company, we enclose the Monitoring Agency Report, issued by Crisil Ratings Limited, as per Schedule XI of the SEBI ICDR Regulations towards utilization of proceeds of Preferential Issue for the quarter ended March 31, 2025.

Request you to kindly take the same on records.

Thanking you,

**For and on behalf of Crisil Ratings Limited**



**Sushant Sarode**

**Director, Ratings (LCG)**

**Report of the Monitoring Agency (MA)**

**Name of the issuer:** ZR2 BIOENERGY LIMITED (formerly known as Gujchem Distillers India Limited)

**For quarter ended:** March 31, 2025

**Name of the Monitoring Agency:** Crisil Ratings Limited

(a) Deviation from the objects: Not applicable. Refer qualification/observations mentioned below.

(b) Range of Deviation: Not applicable

**Qualification:** The Monitoring Agency has observed that during the quarter ended December 31, 2024, the Company had extended deposit to Sukhmehar Finance Private Limited, which is a Non deposit taking Non-Banking Finance Company ('NBFC') as per list of registered NBFCs dated June 30, 2024, issued by Reserve Bank of India. The Company has deployed unutilized issue proceeds amounting to Rs 18.50 crore, by entering into a short-term deposit arrangement with the afore mentioned non-deposit taking NBFC. Also, the notice to shareholder dated 16<sup>th</sup> May 2024 filed by the Company did not disclose the mode for the deployment of unutilised proceeds as required by BSE Notice No: 20221213-47 dated 13<sup>th</sup> December 2022. Nevertheless, this is in variation from the industry practice of deploying unutilized proceeds in low-risk liquid instruments like fixed deposits of scheduled commercial banks or low risk mutual funds etc. During the quarter ended March 31, 2025, the company is still into a short-term deposit arrangement of Rs 18.50 crore with Sukhmehar Finance Private Limited. we bring this variation to the attention of the stakeholders, as it may have an implication on availability of proceeds in future for utilisation towards objects of the issue. Refer details shown under the head "deployment of unutilized issue proceeds" on page no. 10 of the MA report.

Crisil hereby disclaims any responsibility and liability arising from breach of regulatory timelines, including delayed submission of the Monitoring Agency (MA) Report to relevant regulatory authorities. In the absence of any confirmation by the company on the draft MA Report dated May 10, 2025, Crisil is issuing the final MA report.

In furtherance to the following observations as stated in the previous Monitoring Agency Report dated March 17, 2025, we note that there has been no update in the status of the said observations.

1. MA has observed that Padmashri Dr. Vitthalrao Vikhe Patil Sahakari Sakhar Karkhana Ltd. (PVSKL), the owner of the biorefinery asset to be acquired by the Company on cash basis using the proceeds of the preferential issue (Object 2) is also a warrant holder who has subscribed to the issue of warrants issued through preferential issue. Specifically, PVSKL holds 92,05,000 convertible warrants, representing 35.51% of the total convertible warrants allotted as per the outcome of the Board meeting dated 13<sup>th</sup> August 2024. Furthermore, as per Notice to the shareholders dated May 16, 2024, Company had mentioned that preferential issue proceeds amounting to Rs 180.00 crore is to be utilized for the acquisition of the biorefinery asset and expansion of biorefinery in Maharashtra, as part of the object of the preferential issue.
2. Object 1: As per management undertaking and statutory auditor certificate, at the time of acquisition by the new management, Gujchem Distillers India Limited had a carried-forward existing unsecured loan of Rs 4.08 crore from Aryaman Enterprise Pvt. Ltd. and Rs. 17.92 crore from Goldleaf Enterprise Pvt. Ltd. totalling Rs 22 crore with no formal documents being executed between the parties. Further, bank statements reflecting the inflow of these loans have also not been shared with MA.
3. Object 2: Another unsecured loan of Rs 10.85 crore was taken by the Company from Goldleaf Enterprise Pvt Ltd in June, July, and August 2024 to facilitate the acquisition of the biorefinery, as the proceeds from the preferential issue were not yet available. No agreement has been executed, the same has been confirmed by the management and the statutory auditor of the company.

**Declaration:**

*We declare that this report provides an objective view of the utilization of the issue proceeds in relation to the objects of the issue based on the information provided by the Issuer and information obtained from sources believed by it to be accurate and reliable. The MA does not perform an audit and undertakes no independent verification of any information/ certifications/ statements it receives. This Report is not intended to create any legally binding obligations on the MA which accepts no responsibility, whatsoever, for loss or damage from the use of the said information. The views and opinions expressed herein do not constitute the opinion of MA to deal in any security of the Issuer in any manner whatsoever. Nothing mentioned in this report is intended to or should be construed as creating a fiduciary relationship between the MA and any issuer or between the agency and any user of this report. The MA and its affiliates also do not act as an expert as defined under Section 2(38) of the Companies Act, 2013.*

*The MA or its affiliates may have credit rating or other commercial transactions with the entity to which the report pertains and may receive separate compensation for its ratings and certain credit-related analyses. We confirm that we do not perceive any conflict of interest in such relationship/interest while monitoring and reporting the utilization of the issue proceeds by the issuer.*

*We have submitted the report herewith in line with the format prescribed by SEBI, capturing our comments, where applicable. There are certain sections of the report under the title "Comments of the Board of Directors", that shall be captured by the Issuer's Management / Audit Committee of the Board of Directors subsequent to the MA submitting their report to the issuer and before dissemination of the report through stock exchanges. These sections have not been reviewed by the MA, and the MA takes no responsibility for such comments of the issuer's Management/Board.*

**Signature:****Name and designation of the Authorized Signatory:** Sushant Sarode**Designation of Authorized person/Signing Authority:** Director, Ratings (LCG)

**1) Issuer Details:**

**Name of the issuer:** ZR2 BIOENERGY LIMITED

**Names of the promoter:** ZR2 Group Holdings Limited

**Industry/sector to which it belongs:** Commodity Chemicals

**2) Issue Details**

**Issue Period:** 13 August 2024

**Type of issue:** Preferential Issue

**Type of specified securities:** Compulsory Convertible Debentures (hereon referred as "CCDs") & Convertible warrants

**Issue Grading, if any:** NA

**Issue size:** Total issue proceeds\* amounting to Rs. 248.77 crore (Refer Note 1, page no. 7)

*\*Crisil Ratings shall be monitoring the issue proceeds amount raised.*

**3) Details of the arrangement made to ensure the monitoring of issue proceeds:**

Particulars	Reply	Source of information / certifications considered by Monitoring Agency for preparation of report	Comments of the Monitoring Agency	Comments of the Board of Directors
Whether all utilization is as per the disclosures in the offer document?	Yes	Bank Statement, Notice to <i>shareholders</i> , Management Undertaking, Statutory Auditor's Certificate^	No Comments	
Whether shareholder approval has been obtained in case of material deviations# from expenditures disclosed in the offer document?	NA	Management Undertaking, Statutory Auditor's Certificate^	No Comments	
Whether the means of Finance for the disclosed objects of the issue has changed?	No		No Comments	
Is there any major deviation observed over the earlier monitoring agency reports?	No		No Comments	
Whether all Government/statutory approvals related to the object(s) have been obtained?	No		Memorandum of understanding has been executed for	

Particulars	Reply	Source of information / certifications considered by Monitoring Agency for preparation of report	Comments of the Monitoring Agency	Comments of the Board of Directors
		Management Undertaking, Statutory Auditor’s Certificate^	acquisition of Biorefinery between Gujchem Distillers India Limited and PDVVPSSKL*. The transaction is currently under finalization stage including statutory clearances as may be applicable. Part-payment made towards the acquisition during the reported quarter was not subject to statutory approval. However, asset acquisition will be completed post statutory approvals are received as applicable in subsequent quarters	
Whether all arrangements pertaining to technical assistance/collaboration are in operation?	Yes	Management Undertaking, Statutory Auditor’s Certificate^	Current skilled labor workforce at the acquired plant will also be integrated to ensure a seamless transition of operations	
Are there any favourable events improving the viability of these object(s)?	No		No Comments	
Are there any unfavourable events affecting the viability of these object(s)?	No		No Comments	
Is there any other relevant information that may materially affect the decision making of the investors?	No		No Comments	
# Where material deviation may be defined to mean: - (a) Deviation in the objects or purposes for which the funds have been raised. (b) Deviation in the amount of funds actually utilized by more than 10% of the amount projected in the offer documents.				

NA represents Not Applicable

\*Padmashri Dr. Vithalrao Vikhe Patil Sahakari Sakhar Karkhana Ltd

^Certificate dated May 9, 2025, issued by M/s Bagaria & Co. LLP, Chartered Accountants (Firm Registration Number: 113447W/W-100019), Statutory Auditors of the Company

**4) Details of object(s) to be monitored:**

**i. Cost of the object(s):**

Sr. No.	Item Head	Source of information/certification considered by MA for preparation of report	Original cost (as per the Offer Document) RS. In crore)	Revised Cost	Comment of the Monitoring Agency	Comments of the Board of Directors		
						Reason of Cost revision	Proposed financing option	Particulars of firm arrangements made
1	Repayment of existing Un-Secured Loan	Management undertaking, Statutory Auditor's Certificate, Notice to <i>shareholders</i> & Bank Statements	22.00	NA	No revision			
2	Acquiring a running biorefinery asset that is currently producing ethanol and biogas located in Maharashtra State and Expansion of the biorefinery to produce additional ethanol, biogas with addition of solar and Hydrogen		180.00	NA	No revision			
3	Working Capital & General Corporate Purposes		46.77	NA	No revision			

Sr. No.	Item Head	Source of information/certification considered by MA for preparation of report	Original cost (as per the Offer Document) RS. In crore)	Revised Cost	Comment of the Monitoring Agency	Comments of the Board of Directors		
						Reason of Cost revision	Proposed financing option	Particulars of firm arrangements made
	<b>Total</b>	-	248.77	-	-			-

ii. Progress in the object(s):

Sr. No.	Item Head	Source of information/certifications considered by Monitoring Agency for preparation of report	Amount as proposed or revised in the Offer Document (Rs. in crore) (Refer Note 1)	Amount utilized (Rs. in crore)			Total unutilized amount (Rs. in crores) (Refer Note 1)	Comments of the Monitoring Agency	Comments of the Board of Directors	
				As at beginning of the quarter (Rs. in crores)	During the quarter (Rs. in crores)	At the end of the quarter			Reasons for idle funds	Proposed course of action
1	Repayment of existing Un-Secured Loan	Management undertaking, Statutory Auditor's Certificate^, Notice to shareholders, Bank Statements	22.00	22.00	-	22.00	0.00	Fully utilised in Dec-24 quarter		

Sr. No.	Item Head	Source of information / certifications considered by Monitoring Agency for preparation of report	Amount as proposed or revised in the Offer Document (Rs. in crore) (Refer Note 1)	Amount utilized (Rs. in crore)			Total unutilized amount (Rs. in crores) (Refer Note 1)	Comments of the Monitoring Agency	Comments of the Board of Directors	
				As at beginning of the quarter (Rs. in crores)	During the quarter (Rs. in crores)	At the end of the quarter			Reasons for idle funds	Proposed course of action
2	Acquiring a running biorefinery asset that is currently producing ethanol and biogas located in Maharashtra State and Expansion of the biorefinery to produce additional ethanol, biogas with addition of solar and Hydrogen	Management undertaking, Statutory Auditor's Certificate^, Notice to shareholders, Bank Statements	180.00	79.35	-	79.35	100.65	Nil Utilisation during the quarter		
3	Working Capital and General Corporate Purposes		46.77	1.58	0.55	2.13	44.64	No Comment		
		<b>Total</b>	<b>248.77</b>	<b>102.93</b>	<b>0.55</b>	<b>103.48</b>	<b>145.29</b>	<b>-</b>	<b>-</b>	

^Certificate dated May 9, 2025, issued by M/s Bagaria & Co. LLP, Chartered Accountants (Firm Registration Number: 113447W/W-100019), Statutory Auditors of the Company

**Note 1:** Out of total issue proceeds, the Company has received Rs 122.40 crore only, out of which Rs 80.27 crore received from the issue of Compulsorily Convertible Debentures and Rs. 42.12 crore received against upfront payment towards allotment of warrants during the previous quarter. The remaining amount of Rs. 126.37 crore will be received pursuant to exercise of warrant conversion option within 18 months from the date of allotment (Can include date of allotment here) of the share warrants.

Further, during the reported quarter, the Company has not received any proceeds from the warrant holders for conversion of warrants into equity shares.

**iii. Deployment of unutilised proceeds^:**

Sr. No:	Type of instrument and name of the entity invested in	Amount invested (Rs in crore)	Maturity date	Earnings (Rs in crore)	Return on investment (%)	Market Value as at end of quarter (Rs in crore)
1.	Short term Deposit with Sukhmehar Finance Pvt Ltd	18.50*	30/06/25	0.45	9.00	18.95
2.	Term Deposit with Kotak Bank	0.14	11/05/25	-	7.00	0.14
3.	Balance in Kotak Bank Current Account of the Company	0.10	-	-	-	0.10
4.	Balance in SBI Bank Current Account of the Company	0.17				0.17
	<b>Total</b>	<b>18.92</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19.36</b>

*\*During the quarter ended December 31, 2024, unutilised proceeds of Rs 18.50 crore were given to Sukhmehar Finance Pvt Ltd, pursuant through short-term deposit arrangement dated December 19, 2024. This deployment was approved by the Board of Directors of the company vide resolution dated December 18, 2024. However, this action is in variation from the intended use of unutilized proceeds, which were supposed to be invested in low-risk liquid instruments such as fixed deposits of scheduled commercial banks or low-risk mutual funds. As submitted by the management of the Company and the statutory auditors of the Company, these funds will be available for utilisation towards the objects of the issue as and when required by the Company. Nevertheless, we bring this variation to the attention of the stakeholders, as it may have implications on the availability of these funds in future.*

*The company had initially planned to recall the short-term deposit on April 30, 2025. However, as there has been no immediate requirement for the funds, the management has decided to defer the recall and revised the maturity of the deposit by June 30, 2025.*

*^Based on management undertaking and certificate dated May 9, 2025, issued by M/s Bagaria & Co. LLP, Chartered Accountants (Firm Registration Number: 113447W/W-100019), Statutory Auditors of the Company*

**iv. Delay in implementation of the object(s)**

Based on management undertaking and certificate dated May 9, 2025, issued by M/s Bagaria & Co. LLP, Chartered Accountants (Firm Registration Number: 113447W/W-100019), Statutory Auditors of the Company

Object(s)	Completion Date		Delay (no. of days/ months)	Comments of the Board of Directors	
	As per the Offer Document	Actual (Rs in Crore)		Reason of delay	Proposed course of action
Not applicable					

**5. Details of utilization of proceeds stated as General Corporate Purpose (GCP) amount in the offer document:**

Based on management undertaking and certificate dated May 9, 2025, issued by M/s Bagaria & Co. LLP, Chartered Accountants (Firm Registration Number: 113447W/W-100019), Statutory Auditors of the Company:

Sr. No.	Item head	Amount utilised from issue proceeds during the quarter (Rs. in Crore)	Remarks
1	Administrative & General Corporate purpose (GCP) expense	0.55	As per statutory auditor certificate and management undertaking: Proceeds were utilised towards salary, office refreshments, office supply, Bank charges, Travelling expenses, Employee statutory expenses, rent, consultation fees, professional fees, advocate fees, TDS payments.

**Disclaimers:**

- a) *This Report is prepared by Crisil Ratings Limited (hereinafter referred to as "Monitoring Agency" / "MA" / "CRL"). The MA has taken utmost care to ensure accuracy and objectivity while developing this Report based on the information provided by the Issuer and information obtained from sources believed by it to be accurate and reliable. The views and opinions expressed herein do not constitute the opinion of MA to deal in any security of the Issuer in any manner whatsoever.*
- b) *This Report has to be seen in its entirety; the selective review of portions of the Report may lead to inaccurate assessments. For the purpose of this Report, MA has relied upon the information provided by the management /officials/ consultants of the Issuer and third-party sources like statutory auditors (or from peer reviewed CA firms) appointed by the Issuer believed by it to be accurate and reliable.*
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